

1 in order to issue a clean audit report which is
2 issued into the second year each year, the
3 auditors wouldn't give a qualified opinion if it
4 wasn't extended past December of that year. So
5 each year an extension was requested to keep
6 pushing it out the following year.

7 Q. The cover letter states that you have
8 reviewed all the financial information. What is
9 your role in reviewing financial information?

10 A. Just to participate in providing some
11 of the information and to make sure that it's
12 accurate.

13 Q. Has Mr. Lokting ever called you to
14 discuss matters regarding the loan?

15 A. Just matters with regard to extending
16 it a year or possibly increasing it.

17 Q. He has discussed matters possibly
18 increasing it?

19 A. He's mentioned it.

20 Q. Has that ever been sought from the
21 bank?

22 A. I believe that they have.

23 Q. And do you know what outcome there was?

24 A. I believe that -- originally the loan
25 was I think a million eight or a million nine and

1 it was raised either once or twice. And now the
2 limit is 2.9 million. And I believe that they
3 sought raising it again recently.

4 Q. Do you know if there was any follow-up
5 to this letter?

6 A. I don't know. It would have had to
7 have been done in order for the audit report to
8 have been issued.

9 Q. Is there an activation fee associated
10 with getting cellular service in the Atlantic
11 City market?

12 A. Yes, there is.

13 Q. How is the activation fee determined?

14 A. It's a standard rate.

15 Q. Is the activation fee the same in all
16 the markets?

17 A. Rates are different from market to
18 market.

19 Q. In all the Comcast markets in that
20 area, is it the same?

21 A. No, Comcast doesn't have a market in
22 Atlantic City.

23 Q. But I mean the markets in that general
24 area?

25 A. Wilmington, I believe that they're

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1 different, but I'm not sure.

2 Q. Does Mr. Thompson have the final say in
3 what the activation fee will be set at?

4 A. Yes, he would.

5 Q. Do you know if he has played any role
6 in the actual determination of the fees?

7 A. Rates?

8 Q. The activation fee.

9 A. I don't have any direct knowledge on
10 that.

11 Q. Does the Atlantic City system own a
12 switch?

13 A. No, it does not.

14 Q. Where are the calls switched from?

15 A. The Wilmington switch.

16 Q. Does the Wilmington system share its
17 switch with any other cellular systems?

18 A. Yes, it does.

19 Q. Are the same rates charged to the other
20 systems that are charged to Atlantic City for the
21 sharing of the switch?

22 A. I believe it's a half a penny less to
23 Dover.

24 Q. Why a difference in the pricing?

25 A. It was in connection with -- we had

1 negotiated it with Southwest Bell. But I believe
2 that there are differences in which costs are
3 then allocated over and above the rate, there's
4 different terms with the agreement. So it's not
5 identical except for the rate.

6 Q. What is the rate charged to the
7 Atlantic City system?

8 A. Five cents.

9 Q. Per call?

10 A. Yes.

11 Q. Do you know if that is a standard rate
12 in the industry?

13 A. We charge five cents to Mercer, five
14 cents to -- the North Jersey switch charges the
15 same five cents to the local markets. I believe
16 that the rate varies in the industry. But again
17 you have to go beyond that to what else gets
18 charged over and above that.

19 MR. GURMAN: Excuse me. Is that per
20 call or per minute?

21 THE WITNESS: It's per minute.

22 BY MR. WEBER:

23 Q. Have there ever been any discussions
24 about building a switch in Atlantic City?

25 A. Yes, there have been.

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1 Q. And what was said?

2 A. Just general discussion, you know, from
3 Ellis Thompson, you know, should he have-a
4 switch, and then discussion on the pros and cons
5 generally coming down to cost on whether to have
6 a switch or not.

7 Q. Was it determined that the Atlantic
8 City system should not build a switch?

9 A. It was determined that it was less
10 expensive for the Atlantic City system not to
11 have a switch. And Ellis Thompson decided to
12 continue with the switching agreement.

13 Q. Do you have power of attorney to
14 represent Ellis Thompson Corporation before the
15 Internal Revenue Service?

16 A. Only if he gives it to us. I believe
17 that he gave it to us recently for something.

18 Q. Why was such authority given to you?

19 A. I think it was an excise tax or a state
20 tax payment I believe that was misapplied and had
21 to be straightened out, it wasn't anything
22 significant.

23 Q. Do you know if anybody else has this
24 authority?

25 A. Not that I'm aware of.

1 Q. What is Mr. Thompson's currently
2 monthly compensation?

3 A. It's either ten or \$12,000 a month, I'm
4 not sure which.

5 Q. Has it changed over the years?

6 A. Yes, it has.

7 Q. And why has it changed?

8 A. Because he has requested increases.

9 MR. WEBER: I'd like to have this
10 marked as Hillman Exhibit 12. It's a two-page
11 letter dated September 20, 1994.

12 (Hillman Exhibit No. 12 was
13 marked for identification.)

14 BY MR. WEBER:

15 Q. Do you recognize this letter?

16 A. Yes, I do.

17 Q. Did you send it to Mr. Thompson?

18 A. Yes, I did.

19 Q. Why was it sent to Mr. Thompson
20 directly and not Mr. Lokting?

21 A. No reason. I mean it was just in
22 response to a letter that he sent to Ralph
23 Roberts that I was copied on.

24 Q. What decision was made on
25 Mr. Thompson's monthly compensation, if you can

1 recall?

2 A. I think that he increased it to
3 somewhere around \$12,000.

4 Q. Not 20,000?

5 A. No, he did not.

6 Q. Was it because of this letter that he
7 did not seek 20,000 anymore?

8 A. Not necessarily this letter, but there
9 was discussion after that.

10 Q. And what was said in those discussions?

11 A. Just consistent with what's in the
12 letter, that we didn't agree; but, if that's what
13 he wanted to do, he could do it.

14 Q. Did you discuss this with Mr. Thompson
15 and Mr. Lokting directly?

16 A. I don't believe that I did.

17 Q. You were saying we discussed this and I
18 want to make sure I understand who the we is.

19 A. We would be we, myself, Jeff Smith, and
20 Ellis and David.

21 Q. Are there any offices in Atlantic City
22 for the Comcast business offices?

23 A. No, there are not.

24 Q. Are there any Ellis Thompson
25 Corporation business offices in Atlantic City?

1 A. There's an Ellis Thompson sales office
2 in Atlantic City.

3 Q. So the employees that work for the
4 Atlantic City system that are in Atlantic City
5 would only be in the sales office?

6 A. Say that again.

7 Q. The only employees that do work for the
8 Atlantic City system which happen to be in
9 Atlantic City would be in the sales office?

10 A. Except for engineers who come in to the
11 Atlantic City area to do work on this also.

12 Q. Where is the Atlantic City system
13 managed from primarily?

14 A. Primarily from the Wilmington general
15 office where the general staff is.

16 MR. GURMAN: Excuse me, Joe. In terms
17 of the employees, you aren't suggesting that
18 those employees are Ellis Thompson employees? I
19 just want to make sure.

20 MR. WEBER: No.

21 MR. GURMAN: Geographically those --
22 yeah. Okay.

23 BY MR. WEBER:

24 Q. And the reason I was asking about who
25 was in Atlantic City, in production we did have

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1 phone records produced from the address of 6727
2 Blackhorse Pike, Pleasantville, New Jersey.

3 A. That's the sales office.

4 Q. That's your sales office?

5 A. Uh-huh.

6 Q. I'm going to show these to you and see
7 if you can maybe explain who these are coming
8 from.

9 I would like to have this marked as
10 Hillman Exhibit 13 which is a multipage document
11 of a phone bill.

12 (Hillman Exhibit No. 13 was
13 marked for identification.)

14 BY MR. WEBER:

15 Q. I'm not going to ask you if you
16 recognize the document because it's unlikely you
17 will. I'm just going to see if I can try to
18 understand what exactly the document itself is
19 other than just being a phone bill.

20 Are these calls being placed by the
21 people in the sales office in New Jersey to your
22 knowledge?

23 A. To my knowledge.

24 Q. If you notice, thumbing through it,
25 especially if you start approximately on page

1 103915, the vast majority of the calls are to New
2 Castle, Delaware. Whoever the calls -- strike
3 that.

4 New Castle is also the same as the
5 Wilmington office?

6 A. Yes, it is.

7 Q. One of the numbers called the most
8 often is area code (302) 325-8781. Do you have
9 any knowledge of whose telephone number that is?

10 A. No, but I don't -- offhand I don't know
11 most of the numbers because I just push a button
12 on the phone. Sorry.

13 Q. That's fine.

14 A. The 975's are all the Valley Forge
15 office, that I know. That was before we
16 switched -- and then it switches from 975 to 995
17 in here. We have interoffice four digit dialing
18 so we never have to know these numbers.

19 Q. Does Comcast have an office in Waltham,
20 Massachusetts, to your knowledge?

21 A. No, we do not, to the best of my
22 knowledge.

23 Q. Would you have any reason to know why
24 in a given month there would be approximately
25 1,000 calls to Waltham, Massachusetts, from the

1 Atlantic City office?

2 A. It could be a roamer verification line
3 or a credit line. We do credit processing out of
4 there. So it could be either one. A lot of
5 cellular support businesses are in that area.

6 Q. Do you recognize the telephone number
7 (215) 665-1700?

8 A. That rings a bell, but -- is that our
9 corporate number?

10 Q. I was going to say, do you know if they
11 have a general corporate number, if Comcast has a
12 general corporate number?

13 A. I think that's what it was, yes.

14 Q. But you wouldn't offhand recognize
15 other phone numbers of other people in the
16 Philadelphia market?

17 A. I might.

18 Q. I'll try a few. (215) 981-7536?

19 A. 7536. It might have been me.

20 Q. The number (215) 975-5000?

21 A. That's the main number in Valley Forge,
22 the receptionist.

23 Q. (610) 995-5218?

24 A. 5218? Sorry. And, if it's yours,
25 sorry, Jeff. No, I don't remember that.

1 Q. (215) 975-5198?

2 A. No.

3 Q. Or (215) 995-3760?

4 A. That's it, that's Jeff's, I have that
5 in my notes. We haven't had these numbers for
6 long enough to know them yet.

7 Q. Previously, when we were discussing the
8 signing of the checks, we've noticed in document
9 production that most of the tax checks are not
10 signed by Mr. Thompson. Is there a reason for
11 that?

12 A. There was an exception to the policy to
13 allow me to sign off on tax checks, to expedite
14 them and get them in on time, because the
15 penalties are too steep when you get them in
16 late, a written exception approved by Ellis.

17 Q. Are tax matters considered something in
18 budget as well?

19 A. Yes, they would be, sales and excise
20 tax.

21 Q. Do you know if Mr. Thompson has an
22 accountant of his own to review the Comcast
23 accounting department's work?

24 A. He has someone who reviews the tax
25 work, federal and state taxes, Deloitte Touche

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1 does an audit every year.

2 Q. And Deloitte Touche is hired by
3 Mr. Thompson?

4 A. He approves hiring them. They also do
5 Comcast work.

6 Q. Do they prepare Mr. Thompson's taxes or
7 are those prepared by Comcast?

8 A. I'm not sure. It's either by Comcast
9 or his tax accountant, I'm not sure who does it.

10 MR. WEBER: I have nothing further,
11 thank you for your time, Ms. Hillman.

12 (Discussion off the record.)

13 EXAMINATION BY COUNSEL FOR
14 AMERICAN CELLULAR NETWORK CORP.

15 BY MR. GURMAN:

16 Q. When Mr. Weber was asking you about the
17 switching rate per minute that is charged to the
18 Atlantic City market, are you aware of any rate
19 change that might have gone into effect recently?

20 A. Yeah, there was discussion about
21 lowering that rate recently. And I believe that
22 we agreed with Ellis to lower it four and a half,
23 four cents, something, I'm not sure what the
24 final outcome was, I haven't seen any final
25 paperwork on it.

1 Q. What was the time frame, do you recall?

2 A. It was in connection with the budgets
3 again, the same time, talking about the -
4 management fee.

5 MR. GURMAN: Okay. I think we're
6 finished.

7 MR. WEBER: Nothing further.

8 (Discussion off the record.)

9 BY MR. GURMAN:

10 Q. Regarding the roamer rates for the
11 Atlantic City system, how does the roamer rate
12 between Atlantic City and New York compare to the
13 rate between Atlantic City and Comcast owned
14 systems? I think I got it wrong.

15 The rate between -- I guess we have to
16 go off the record here.

17 (Discussion off the record.)

18

19

20

21

22

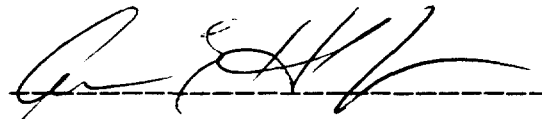
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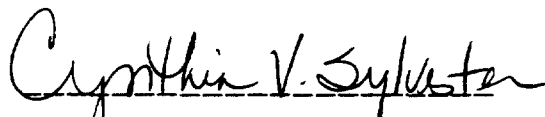
25

1 THE WITNESS: Comcast negotiates rates
2 with other parties including Atlantic City all
3 separate. The rate that we have with New York is
4 less than the rate with Atlantic City. That's
5 the point.

6 (Thereupon, at 3:00 p.m., the taking of
7 the instant deposition ceased.)
8
9

10 
11 Signature of the Witness
12

13 SUBSCRIBED AND SWORN to before me this 2nd
14 day of June, 1995
15
16

17 
18 NOTARY PUBLIC

19 My Commission Expires
20

21

NOTARIAL SEAL CYNTHIA V. SYLVESTER, Notary Public Wayne, Chester County My Commission Expires April 19, 1997

22
23
24
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AGREEMENT

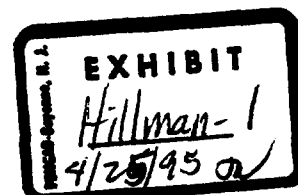
Agreement dated this 30th day of December, 1987, between Amcell of Atlantic City, Inc., a New Jersey corporation ("Amcell") having principal offices at Bayport One, Suite 400, Verona Boulevard, West Atlantic City, New Jersey 08232 and Ellis Thompson and Ellis Thompson Corporation (collectively, "Licensee") with an address at 5406 North Missouri Avenue, Portland, Oregon 97217.

Whereas, Licensee is the tentative selectee for the grant of authority by the Federal Communications Commission ("FCC") to construct a cellular communications system operating on Frequency Block A to serve the Atlantic City, New Jersey Metropolitan Statistical Area (herein the "System"); and

Whereas, Licensee is a signatory to the settlement agreement with Cellular Management Services, Inc. (herein the "Settlement Agreement"), which agreement grants to the other parties to the Settlement Agreement up to a 49.99% interest in the entity which owns the System; and

Whereas, Licensee is desirous of entering into arrangements for the construction of the System and, after construction is completed, for obtaining switching services and maintenance services from Amcell; and

WHEREAS, Licensee is further agreeable to furnishing and making available to Amcell after construction of the System is completed cellular radio service on the terms and conditions herein contained.



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Now, therefore, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

I. Construction:

1.1 Subject to Licensee's oversight and review and as set forth hereinafter, Amcell shall manage and supervise the initial construction of the System in accordance with the outline system configuration set forth on Schedule A hereto provided, however, the description of the design and specifications for the System as shown on Schedule A shall be modified immediately prior to commencement of construction of the System to account for any requirements imposed by the FCC and to assure that the System employs best available technology at the time construction begins for providing Service to customers (the "Outline System Configuration"). Amcell shall devote such time and resources to construction of the System as are necessary to assure the proper and expeditious completion of the system construction and shall make available to the System the full range of its expertise and experience in constructing cellular systems.

1.2 Licensee shall take all reasonable and appropriate steps (i) to obtain from the FCC the Construction Permit, and (ii) to protect the Construction Permit, including, but not limited to, satisfying all conditions of the Construction Permit, and responding fully to any and all FCC inquiries, proceedings, or adversarial pleadings of whatever nature filed with respect to the Construction Permit.

1.3 Within ninety (90) days of the Grant of the Construction Permit by the FCC for the System, Amcell shall prepare and present to Licensee (i) the Design in reasonable detail based on the Outline System Configuration, and (ii) the Budget.

1.4 Within ten (10) days of receipt of the Design and the Budget, Licensee shall either approve the Design and Budget or advise Amcell of specific items not approved by it. At the request of Amcell, Licensee shall provide within ten (10) days of such request detailed engineering or other substantiation for the basis of any specific items not approved. Licensee and Amcell agree to promptly and diligently use their best efforts to resolve all items not approved by Licensee, and in the event such items cannot be resolved, to share the cost of obtaining the opinion of a professional engineer to resolve such open items. It is agreed that James Audet is an acceptable professional engineer for this purpose. Such professional engineer shall be instructed to submit its report and opinion within forty-eight (48) hours of receipt of the request.

1.5 Promptly upon receipt of Licensee's approval of the Design and the Budget, Amcell shall undertake the commencement of the construction of the System in accordance with the Design and the Budget. Subject to Licensee's continuing oversight and review, Amcell shall be responsible for the management and supervision of all activities integral to the construction of the System, including, but not limited to, and subject in each instance to obtaining any necessary FCC approvals, the following:

(i) developing in reasonable detail and to the extent appropriate in the light of the size and configuration of the System, the System Design, including, but not limited to, development of a cell configuration, formulation of a frequency plan, brief analysis of propagational characteristics, tentative projection of the probable volume and location of demand, tentative allocation of system capacity, and selection and (upon design approval) acquisition as agent for Licensee of sites for control point, if required, and base stations;

(ii) upon approval of the Design by Licensee, negotiating as agent for Licensee, such purchase agreements, leases and/or contracts, and/or securing such additional third party consents as Licensee may approve in the Design and as may be necessary to permit the full use of the control point and base station sites selected;

(iii) securing, as Licensee's agent, such zoning or other necessary governmental approvals as may be required to permit the use of the control point and base station sites selected and acquired;

(iv) preparing proposed modifications to the Construction Permit for Licensee's review, approval, and execution and, as agent for Licensee, filing such modification applications and securing FCC approval thereof, and securing as agent for Licensee such FAA approval as may be required for tower and antenna placements and heights;

(v) control point and base station site preparation, including construction and modification of radio towers and

buildings to house switching and base station equipment, construction and improvement of access roads, and installation of such security facilities as may be necessary to meet FCC or vendor requirements;

(vi) installation of base station equipment and such other facilities as may be necessary or appropriate to the operation of such equipment and the System or, to the extent appropriate to or required by the approved Design, the negotiation and execution as agent for Licensee of such agreements as are necessary to obtain use of any other existing or planned cellular system; and

(vii) subject to Licensee's review, approval and execution, completing and filing any applications necessary to obtain the Operating License from the FCC.

1.6 It is agreed that the System shall be constructed with equipment manufactured by Motorola, Inc. in order to achieve maximum operating efficiencies and interconnection capabilities with surrounding systems. Amcell agrees to negotiate and complete, as agent for Licensee but subject to supervision and final approval by Licensee, such equipment purchase and financing agreements as may be necessary to construct the System.

1.7 Amcell shall, subject to the supervision and final approval of Licensee, negotiate such interconnection agreements as may be desirable and shall implement such interconnection.

1.8 The Budget shall set forth in reasonable detail all costs related to the construction of the System as set forth in the Design. Amcell agrees to cause the System to be constructed in accordance with the Design and at a cost not exceeding that set forth in the Budget. Amcell guarantees that the Budget,

excluding Amcell's construction project fee as set forth in Section 1.10 below, will not exceed \$1,250,000 to complete construction of the System in accordance with the Design. Any costs in excess of \$1,250,000 to complete the System in accordance with the Design and make the System fully operational will be borne by Amcell. Licensee acknowledges that the Design contemplates four (4) cell sites using existing towers and buildings and that the limitation of the Budget provided for herein does not apply to the additional costs that will be incurred if existing towers or buildings are not available. The parties hereto agree that ~~financing to construct~~ ^{non-revenue} the system shall be sought from the vendor or other available sources on terms substantially similar to financing obtained for other cellular systems constructed in the Middle Atlantic states and at prevailing interest rates for this type of financing.

1.9 The parties agree that it is in the best interests of the System, the owners of the System and Amcell that the System be designed and constructed in an expeditious manner and the parties hereto agree to use their best efforts to design and construct the system as quickly and expeditiously as possible.

1.10 For the services provided by Amcell hereunder, Amcell shall be reimbursed for all of its Out-of-Pocket Expenses and shall be paid a construction project fee equal to 10% of the total cost of constructing the System. The fee shall be provided for in the Budget. The costs of the services of Amcell's principal executive officers in providing management and supervisory functions with the exception of such Out-of-Pocket Expenses as travel, shall be included without additional expense

to the System. Such expenses and fee will be paid on a quarterly basis during the initial construction of the System. Amcell shall submit a statement showing in reasonable detail the calculation of the expenses and fee claimed for the prior quarter within 30 days of the close of the quarter.

II. Switching Services:

2.1 During the term provided in Section 5.2 of this Agreement, and subject to the terms and provisions hereof, Amcell agrees to provide all switching services to Licensee as may be necessary to operate the System and Licensee agrees to purchase all such services from Amcell.

2.2 Licensee agrees to pay to Amcell monthly for the switching services provided hereunder a sum equal to \$.05 (the "Switch Rate") times the aggregate number of minutes of usage of the switch by Licensee, including usage by its customers and wholesale distributors of service, including Amcell, during such month, in either event payable within 30 days after the end of each month. In the event Licensee's per minute charge to customers for Service during Peak Usage Period (the "Service Rate") is reduced to less than \$.30 per minute, the Switch Rate will be reduced to an amount equal to (a) \$.05 times (b) the Service Rate divided by \$.30. Licensee further agrees to pay to Amcell an amount equal to all costs incurred by Amcell directly and exclusively attributable to Licensee in connection with the provision of switching services hereunder.

2.3 Licensee shall pay, directly to the provider of the services, or to Amcell in the event the service is provided to or

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by Amcell, the charges of all other carriers for the handling of all traffic on the System, including, without limitation, charges in connecting each cell site with the Switch and charges of all other telecommunications common carriers. All such charges shall be paid by Licensee promptly when due.

2.4 Amcell shall maintain the Switch good order and repair in accordance with industry standards and Amcell's maintenance policies during the term of this Agreement so as to provide switching services to Licensee in accordance with the terms hereof. Amcell will use its best efforts to maintain a busy hour grade of service during the Peak Usage Period no worse than P.05 between the switching office and the landline network. Amcell SHALL NOT BE LIABLE FOR ANY LOST PROFITS NOR FOR ANY SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES in connection with the switching services provided hereunder, or for any non-performance or delay caused by Act of God or other force majeure or event outside of control of Amcell.

2.5 Amcell has not made any representation or warranty, express or implied, as to the design or operation of the switch or as to the quality of the switching service provided thereon or any other representation or warranty whatsoever with respect to thereto.

2.6 Amcell agrees to provide to Licensee, by means of magnetic tape, on a monthly basis such information as Licensee may reasonably require as to usage of the System and usage of all other telecommunications common carriers for handling all traffic on the System and charges in connecting each cell site with the Switch, provided, however, Amcell shall not be required to

provide information as to usage of Service by Amcell's Authorized Users except to the extent required by Licensee to determine charges payable by Amcell pursuant to Section 4.4 hereof.

III. Maintenance Services:

3.1 During the term provided in Section 5.2 of this Agreement and subject to the terms and provisions hereof, Amcell agrees to provide all maintenance services for the control point and base station sites in the System as may be necessary so that the System may provide a level of service comparable in nature, coverage and quality to the cellular telephone systems currently operational in the Middle Atlantic states. Such maintenance services shall include, but not be limited to, the following:

- (1) Hire, train and equip any additional technical and supervisory personnel as may be deemed required.
- (2) Consistent with Amcell's current practice and vendor recommendations maintain a separate inventory of switching, interconnection and cell site spares.
- (3) Consistent with Amcell's own practices, maintain a twenty-four (24) hour a day 365 day a year monitoring program of the System to detect and correct in a timely manner any service affecting outages.
- (4) Assure that all vendor supplied upgrades of hardware and software are obtained, installed and operational in a timely manner.
- (5) Conduct audits of the System to assure optimal operation per vendor specifications and compliance with FCC rules and regulations.

(6) Provide engineering supervision and monitoring services to avoid co-channel interference problems with immediately adjacent systems.

(7) Maintain an active database on the usage of cell sites, interconnection facilities and landline trunks to obtain the maximum usage of these facilities and assist the Licensee in planning expansions consistent with sound engineering and business practices.

3.2 For the services hereunder in maintaining the control point and base station sites pursuant to Section 3.1 hereof, Amcell shall be (i) reimbursed for all of its Out-of-Pocket Expenses (as hereinafter defined) incurred in maintaining those sites, and (ii) paid a fee equal to 10% of such Out-of-Pocket Expenses. Such reimbursement and fee shall be payable to Amcell quarterly within thirty (30) days of the submission by Amcell of reasonable substantiation of the amount of its Out-of-Pocket Expenses.

3.3 "Out-of-Pocket Expenses" as used in this Article shall include (i) all sums paid directly by Amcell to vendors or Independent Contractors in providing supplies, equipment or maintenance services pursuant to Section 3.1 hereof, and (ii) with respect to employees of Amcell or its Affiliates who provide services pursuant to Section 3.1, an amount equal to the total cost of employment of such persons, to the extent of the time expended in providing such services, and (iii) any sums paid by the Licensee or the System directly in connection with the services to be provided by Amcell pursuant to paragraph 3.1 hereof.